UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004
OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from .... to ....
Commission file number 0-3922

PATRICK INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

INDIANA	35-1057796
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1800 South 14th Street, Elkhart, IN 46516
(Address of principal executive offices)
(ZIP Code)

(574) 294-7511
(Registrant's telephone number, including area code)

NONE
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate by check mark whether the registrant is an accelerated filer.
Yes No X

Shares of Common Stock Outstanding as of November 5, 2004: 4,746,698

PATRICK INDUSTRIES, INC.

INDEX

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED BALANCE SHEETS

<CAPTION>

ASSETS	SEPTEMBER 30 2004	DECEMBER 31 2003
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 40,165	$ 7,077,390
Trade receivables	24,466,512	14,240,556
Inventories	37,535,270	23,042,444
Prepaid expenses	997,845	913,650
Deferred tax assets	1,954,000	1,954,000
Total current assets	64,993,792	47,228,040
PROPERTY AND EQUIPMENT, at cost	92,255,200	90,620,044
Less accumulated depreciation	59,074,060	59,927,134
	33,181,140	30,692,910
INTANGIBLE AND OTHER ASSETS	2,954,503	3,221,010
Total assets	$ 101,129,435	$ 81,141,960
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 3,671,429	$ 3,671,429
Short-term borrowings	5,900,000	--
Accounts payable	18,602,596	4,883,038
Accrued liabilities	4,830,768	3,038,926
Total current liabilities	33,004,793	11,593,393

LONG-TERM DEBT, less current maturities	4,800,000	7,771,430
DEFERRED LIABILITIES	2,519,247	2,529,403
Total liabilities	$ 40,324,040	$ 21,894,226
SHAREHOLDERS' EQUITY		
Common stock	19,094,397	18,236,386
Retained earnings	41,710,998	41,011,348
Total shareholders' equity	60,805,395	59,247,734
Total liabilities and shareholders' equity	$ 101,129,435	$ 81,141,960

See accompanying Notes to Unaudited Condensed Financial Statements.

</TABLE>

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Net Sales	$ 80,260,900	$ 70,267,568	$224,593,455	$208,502,593
Cost of goods sold	69,848,245	61,358,268	197,049,715	183,960,275
Gross Profit	10,412,655	8,909,300	27,543,740	24,542,318
Operating expenses:				
Warehouse and delivery expenses	3,543,915	3,203,555	10,217,890	9,593,305
Selling, general, and administrative expenses	5,536,910	4,918,198	15,663,010	15,222,977
Restructuring charges	- - -	235,000	- - -	235,000
Total operating expenses	9,080,825	8,356,753	25,880,900	25,051,282

Operating income (loss)	1,331,830	552,547	1,662,840	(508,964)
Interest expense, net	210,695	177,087	486,890	561,176
Income (loss) before income taxes (credits)	1,121,135	375,460	1,175,950	(1,070,140)
Federal and state income taxes (credits)	454,100	148,300	476,300	(422,700)
Net income (loss)	$ 667,035	$ 227,160	$ 699,650	$ (647,440)
Basic and diluted earnings (loss) per common share	$ .14	$ .05	$ .15	$ (.14)
Dividends per share	$ .00	$ .00	$ .00	$ .04
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	4,731,127	4,611,037	4,689,827	4,595,306

See accompanying Notes to Unaudited Condensed Financial Statements.

</TABLE>

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF
CASH FLOWS

<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30	
	2004	2003
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 699,650	$ (647,440)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,071,975	4,309,083
(Gain) on sale of fixed assets	(246,075)	(272,330)
Deferred income taxes	(45,220)	(241,800)
Other	211,500	211,500
Change in assets and liabilities:		
Decrease (increase) in:		
Trade receivables	(10,225,956)	(7,040,914)
Inventories	(14,492,826)	3,133,317
Income tax refund claims receivable	- - -	1,307,253
Prepaid expenses	(84,195)	

		(288,138)
Increase (decrease) in:		
Accounts payable and accrued liabilities	15,035,918	6,982,831
Income taxes payable	475,482	(240,000)
Net cash provided by (used in) operating activities	(4,599,747)	7,213,362
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(7,133,651)	(3,490,903)
Proceeds from sale of property and equipment	1,101,167	1,271,767
Other	256,490	102,411
Net cash (used in) investing activities	(5,775,994)	(2,116,725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings	5,900,000	- - -
Payments on long-term debt	(2,971,429)	(2,971,429)
Payments on deferred compensation obligations	(176,436)	(216,936)
Proceeds from exercise of common stock options	647,780	128,953
Cash dividends paid	- - -	(183,279)
Other	(61,399)	(9,820)
Net cash provided by (used in) financing activities	3,338,516	(3,252,511)
Increase (decrease) in cash and cash equivalents	(7,037,225)	1,844,126
Cash and cash equivalents, beginning	7,077,390	3,552,232
Cash and cash equivalents, ending	$ 40,165	$ 5,396,358
Cash Payments for:		
Interest	$ 611,643	$ 694,926
Income taxes	55,818	174,229

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals and the adjustments for restructuring charges as discussed in Note 4) necessary to present fairly the financial position as of September 30, 2004 and December 31, 2003, the results of operations for the three months and the nine months ended September 30, 2004 and 2003, and cash flows for the nine months ended September 30, 2004 and 2003.

2. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2003 audited financial statements. The results of operations for the three month and nine month periods ended September 30, 2004 and 2003 are not necessarily indicative of the results to be expected for the full year.

3. The inventories on September 30, 2004 and December 31, 2003 consist of the following classes:

	September 30 2004	December 31 2003
Raw materials	$23,098,737	$12,733,414
Work in process	2,301,468	1,630,052
Finished goods	4,649,013	3,501,779
Total manufactured goods	30,049,218	17,865,245
Distribution products	7,486,052	5,177,199
TOTAL INVENTORIES	$37,535,270	$23,042,444

The inventories are stated at the lower of cost, First-In First-Out (FIFO) method, or market.

4. In September, 2003, the Company recorded a restructuring charge related to the closing of one of its unprofitable cabinet door operating units. The Company recorded estimated and actual costs of $235,000, or $.03 per share, net of tax, related to this restructuring. This operating unit was phased out in the third quarter of 2003 and the charges included, but were not limited to, severance, retention, and accrued vacation for approximately 61 hourly and salaried employees, all of which were terminated from this particular operation. Other charges included shut down expenses and the write-off of obsolete inventory. The operation was closed in September and the charges were paid in the fourth quarter of 2003.

5. The Company accounts for grants of stock options under its stock option plan based on the recognition and measurement principles of APB Opinion No. 25 and related interpretations. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provision of FASB Statement No. 123 to stock based employee compensation:

<TABLE>

	Three Months Ended September 30		Nine Months Ended September 30	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Net income (loss):				
As reported	$667,035	$227,160	$699,650	$(647,440)
Deduct total stock-based employee compensation expense determined under fair value based method for all rewards net of related tax effects	(19,202)	(38,000)	(57,604)	(114,000)
Pro forma	647,833	$189,160	$642,046	$(761,440)

Basic earnings (loss) per share:

As reported	$ .14	$ .05	$ .15	$ (.14)
Pro forma	.14	.04	.14	(.17)
Diluted earnings (loss) per share:				
As reported	$ .14	$ .05	$ .15	$ (.14)
Pro forma	.14	.04	.14	(.17)

</TABLE>

7. Effective January 1, 2004, the Company changed its segment reporting to discontinue allocating corporate expense to the individual business units. Accordingly, the segment results have been restated to reflect this change.

   The Company has determined that its reportable segments are those that are based on the Company's method of internal reporting, which segregates its business by product category and production/distribution process. Effective January 1, 2004, in accordance with the Company's internal reporting, the Company changed its segment reporting from four reportable segments to three. As a result of this change, two of the operations in the wood segment were combined into the Primary Manufactured Products segment and two of the operations were combined into the Other Component Manufactured Products segment. The Company's reportable segments are as follows:

   Primary Manufactured Products - Utilizes various materials including gypsum, particleboard, plywood, and fiberboard which are bonded by adhesives or a heating process to a number of products including vinyl, paper, foil, and high pressure laminate. These products are utilized to produce furniture, shelving, wall, counter, and cabinet products with a wide variety of finishes and textures.

   Distribution - Distributes pre-finished wall and ceiling panels, particleboard, hardboard and vinyl siding, roofing products, high pressure laminates, passage doors, building hardware, insulation, and other products.

   Other Component Manufactured Products - Includes aluminum extrusion and fabricating, an adhesive division, two cabinet door divisions, and a machine manufacturing division.

The table below presents unaudited information about the revenue and operating income of those segments:

<TABLE>

	PRIMARY MANUFACTURED PRODUCTS	DISTRIBUTION	OTHER COMPONENT PRODUCTS	SEGMENT TOTAL
	THREE MONTHS ENDED SEPTEMBER 30, 2004			
<S>	<C>	<C>	<C>	<C>
Net outside sales	$ 40,918,755	$ 27,943,789	$ 11,398,356	$ 80,260,900
Intersegment sales	1,827,117	318,107	1,770,279	3,915,503
Total sales	$ 42,745,872	$ 28,261,896	$ 13,168,635	$ 84,176,403 *
Operating income	$ 1,736,140	$ 1,202,133	$ 339,795	$ 3,278,068
	THREE MONTHS ENDED SEPTEMBER 30, 2003			
Net outside sales	$ 36,450,970	$ 23,896,457	$ 9,920,141	$ 70,267,568

Intersegment sales	1,887,200	147,692	2,208,764	4,243,656
Total sales	$ 38,338,170	$ 24,044,149	$ 12,128,905	$ 74,511,224 *
Operating income	$ 1,638,082	$ 1,156,216	$ 77,985	$ 2,872,283

NINE MONTHS ENDED SEPTEMBER 30, 2004

	PRIMARY MANUFACTURED PRODUCTS	DISTRIBUTION	OTHER COMPONENT PRODUCTS	SEGMENT TOTAL
Net outside sales	$117,926,566	$ 74,604,777	$ 32,062,112	$224,593,455
Intersegment sales	5,450,047	990,095	6,208,464	12,648,606
Total sales	$123,376,613	$ 75,594,872	$ 38,270,576	$237,242,061 *
Operating income	$ 4,568,777	$ 3,073,584	$ 664,914	$ 8,307,275
Total assets	$ 45,169,127	$ 15,663,623	$ 11,367,027	$ 72,199,777

NINE MONTHS ENDED SEPTEMBER 30, 2003

	PRIMARY MANUFACTURED PRODUCTS	DISTRIBUTION	OTHER COMPONENT PRODUCTS	SEGMENT TOTAL
Net outside sales	$110,194,916	$ 66,825,214	$ 31,482,463	$208,502,593
Intersegment sales	5,450,445	505,199	6,238,839	12,194,483
Total sales	$115,645,361	$ 67,330,413	$ 37,721,302	$220,697,076 *
Operating income (loss)	$ 4,195,346	$ 2,531,349	$ (509,722)	$ 6,216,973
Total assets	$ 35,295,087	$ 12,715,050	$ 9,783,673	$ 57,793,810

Reconciliation of segment operating income to consolidated operating income (loss):

<CAPTION>

	3 Months Ended September 30, 2004	2003	9 Months Ended September 30, 2004	2003
<S>	<C>	<C>	<C>	<C>
Operating income for segments	$ 3,278,068	$ 2,872,283	$ 8,307,275	$ 6,216,973
Corporate incentive agreements	804,570	300,000	1,405,858	

				906,019
Consolidation reclassifications	251,130	196,359	260,898	396,828
Gain on sale of assets	220,700	181,635	246,075	272,330
Unallocated corporate expenses	(3,161,839)	(2,765,835)	(8,297,773)	(7,871,782)
Other	(60,799)	3,105	(259,493)	(194,332)
Restructuring charges	- - -	(235,000)	- - -	(235,000)
Consolidated operating income (loss)	$ 1,331,830	$ 552,547	$ 1,662,840	$ (508,964)

*Does not agree to Financial Statements due to consolidation eliminations.

</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The third quarter and nine month period ending September 30, 2004 continued to show improvement, in light of difficult circumstances in the Manufactured Housing Industry, as net sales increased 14.2% for the quarter and 7.7% year to date. Raw material price increases and the continued strong shipment levels in the Recreational Vehicle Industry have provided the support for the Company to show its second quarter to quarter increase in sales in more than four consecutive quarterly reporting periods. Operating expenses remained consistent with revenues on a percentage basis, however, the Company's strategic focus on investment in key personnel has and is expected to continue to show an increase on a dollar for dollar basis in selling, general, and administrative expenses through the end of 2004. Additionally, the Company recorded a $0.5 million charge to the allowance for doubtful accounts in the third quarter of 2004 related to one customer. Restructuring efforts in 2003 related to the closing of one of the Company's unprofitable cabinet door divisions, increased net sales, a $0.4 million gain on life insurance proceeds in the second quarter, and a $0.2 million gain on the sale of a building helped to improve overall profitability by $0.5 million for the quarter and $1.3 million year to date through September, 2004. Earnings per share improved by $.09, from $.05 per share in the third quarter of 2003 to $.14 per share in the third quarter of 2004, and by $.29 for the nine month period ending September 30, 2004 from a loss of $.14 per share in 2003 to income of $.15 per share in 2004.

The Manufactured Housing Industry continued to struggle after showing its first monthly shipment increase in twenty-four months in March 2004 of more than 8%. Sales to this Industry, which represents approximately 40% of the Company's sales at September 30, 2004, and 2003, reflected a decline in shipments in the third quarter of 2004 of approximately 1% and year to date of approximately 3% compared to comparable periods in 2003. Repossessed inventory levels have decreased, but financing and job growth remain in question and will have an impact on future shipment levels.

The Recreational Vehicle Industry, which represents approximately 31% and 32% of the Company's sales at September 30, 2004 and 2003, respectively, continued on its strong pace with third quarter and year to date shipments improving by more than 11% and 17%, respectively, compared to comparable periods in 2003. Shipments in this Industry have been greater than 300,000 units in four out of the last five years and 2004 is expected to be above the 2003 level, which was the second highest in the last twenty-five years. While the Company believes that consistently high gasoline prices in 2004 have not had a major impact on shipments in this Industry to date, continued price increases, or decreases in availability of gasoline could have a negative impact on future shipment levels.

The Company's sales to the Industrial markets continued to show improvement as net sales to these markets increased by approximately 23% for the quarter and 12% year to date. These markets, which continue to be a focus to help diversify the Company's customer base, represent approximately 29% and 28% of the Company's consolidated sales at September 30, 2004 and 2003, respectively.

The Company remains focused on increasing penetration into all of the markets that it serves. Strategic investment in property, plant and equipment, key personnel, and potential future acquisitions are all part of the overall growth plan to increase sales levels and maximize shareholder value. The Company expects that capital expenditures will increase for the remainder of 2004 and into 2005 as a part of this plan.

The following table sets forth the percentage relationship to net sales of certain items in the Company's Statements of Operations:

<TABLE>

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
<S>	<C>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	87.0	87.3	87.7	88.2
Gross profit	13.0	12.7	12.3	11.8
Warehouse and delivery	4.4	4.6	4.6	4.6
Selling, general, & administrative	6.9	7.0	7.0	7.3
Restructuring charges	- - -	0.3	- - -	0.1
Operating income (loss)	1.7	0.8	0.7	(0.2)
Income (loss) before taxes	1.4	0.5	0.5	(0.5)
Income taxes (credits)	0.6	0.2	0.2	(0.2)
Net income (loss)	0.8	0.3	0.3	(0.3)

</TABLE>

RESULTS OF OPERATIONS

Quarter Ended September 30, 2004 Compared to Quarter Ended September 30, 2003

Net Sales. Net sales increased $10.0 million, or 14.2%, from $70.2 million in the quarter ended September 30, 2003 to $80.2 million in the same period in 2004. The increase is attributable to raw material price increases, which were passed on to the Company's customers, increased shipments of approximately 11% in the Recreational Vehicle Industry in the third quarter of 2004, and the Company gaining market share in the Manufactured Housing and Industrial markets.

Gross Profit. Gross profit increased approximately $1.5 million, or 16.9%, from $8.9 million in the third quarter of 2003 to $10.4 million in the third quarter of 2004. As a percentage of net sales, gross profit increased 0.3%, from 12.7% in the third quarter of 2003 to 13.0% in the third quarter of 2004. The increase in gross profit is attributable to increased net sales and an increase in corporate incentive agreements for the quarter.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased approximately $0.3 million, or 10.6%, from $3.2 million in the third quarter of 2003 to $3.5 million in the third quarter of 2004. As a percentage of net sales, warehouse and delivery expenses decreased approximately 0.2%, from 4.6% in 2003 to 4.4% in 2004. The increase in dollars is attributable to increased sales and the decrease in percentage of net sales is attributable to fixed costs remaining constant.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased approximately $0.6 million, or 12.5%, from $4.9 million in the third quarter of 2003 to $5.5 million in the third quarter of 2004. As a percentage of net sales, selling, general, and administrative expenses decreased 0.1%, from 7.0% in 2003 to 6.9% in 2004. The third quarter 2004 expenses include a charge of approximately $0.5 million related to an increase in the allowance for doubtful accounts related to one customer and a credit of approximately $0.2 million related to a gain on the sale of a building. The third quarter of 2003 includes a gain on the sale of a building of approximately $0.2 million.

Restructuring Charges. As discussed in Note 4 to the financial statements, the Company recorded restructuring charges of $235,000 in the third quarter of 2003.

Operating Income. Operating income increased $0.8 million, from $0.5 million in the third quarter of 2003 to $1.3 million in the third quarter of 2004. The increase in operating income is attributable to the factors described above.

Interest Expense, net. Interest expense, net increased approximately $34,000 due to additional borrowings on the Company's line of credit from the third quarter of 2003 to the same period in 2004.

Net Income. Net income increased $0.5, million from $0.2 million in the third quarter of 2003 to $0.7 million in the third quarter of 2004 due primarily to the factors described above.

Nine Months Ended September 30, 2004 Compared to Nine Months Ended September 30, 2003

Net Sales. Net sales increased $16.1 million, or 7.7%, from $208.5 million in the nine month period ending September 30, 2003 to $224.6 million in the same period in 2004. The increase in net sales is primarily attributable to a 17% increase in shipments in the Recreational Vehicle Industry, increased raw material prices, which were passed on to the Company's customers, and the Company gaining market share in the Manufactured Housing and Industrial markets.

Gross Profit. Gross profit increased $3.0 million, or 12.2%, from $24.5 million in 2003 to $27.5 million in 2004. As a percentage of net sales, gross profit increased 0.5%, from 11.8% in 2003 to 12.3% in 2004. The increase in dollars is attributable to increased net sales and the increase in percentage of net sales is attributable to an increase in Corporate incentive agreements from period to period.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased $0.6 million, or 6.5%, from $9.6 million in 2003 to $10.2 million in 2004. As a percentage of net sales, warehouse and delivery expenses remained constant at 4.6% of net sales in both 2003 and 2004. The increase in dollars is attributable to increased sales.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased $0.5 million, or 2.9%, from $15.2 million in 2003 to $15.7 million in 2004. As a percentage of net sales, selling, general, and administrative expenses decreased 0.3%, from 7.3% in 2003 to 7.0% in 2004. Included in 2004 are charges of approximately $0.5 million related to an increase in the allowance for doubtful accounts due to one customer and credits of $0.2 million and $0.4 million related to a gain on sale of a building and a gain on life insurance proceeds, respectively. The 2003 expenses include a gain on the sale of a building of approximately $0.2 million.

Operating Income. Operating income increased $2.2 million, from a loss of $0.5 million in 2003 to income of $1.7 million in 2004. The increase in operating income is attributable to the factors described above and the closing of one of the Company's unprofitable cabinet door operations in the third quarter of 2003.

Interest Expense, net. Interest expense, net decreased approximately $0.1 million from $0.6 million in 2003 to $0.5 million in 2004. The decrease is attributable to less long term debt outstanding from period to period. The Company has, however, increased its borrowings on its line of credit which may result in increased interest expense in future periods.

Net Income. Net income increased from a loss of $0.6 million in the nine month period ending September 30, 2003 to income of $0.7 million in the same period in 2004. The increase is attributable to the factors described above.

BUSINESS SEGMENTS

Quarter Ended September 30, 2004 Compared to Quarter Ended September 30, 2003

PRIMARY MANUFACTURED PRODUCTS SEGMENT DISCUSSION

Net sales increased $4.4 million, or 11.5%, from $38.3 million in the third quarter of 2003 to $42.7 million in the third quarter of 2004. The increase is attributable to an 11% increase in shipments in the Recreational Vehicle Industry, increased raw material prices, and the Company gaining market share in the Manufactured Housing and Industrial markets.

Operating income increased $0.1 million, or 6.0%, from $1.6 million in the third quarter of 2003 to $1.7 million in the third quarter of 2004.

DISTRIBUTION SEGMENT DISCUSSION

Net sales increased $4.2 million, or 17.5%, from $24.0 million in the third quarter of 2003 to $28.2 million in the third quarter of 2004 due primarily to increased raw material prices to the Manufactured Housing Industry which were passed on to the Company's customers. This industry is the primary market that this segment serves.

Operating income remained fairly constant at $1.2 million for both the third quarter of 2003 and 2004.

OTHER COMPONENT MANUFACTURED PRODUCTS DISCUSSION

Net sales increased approximately $1.1 million, or 8.6%, from $12.1 million in the third quarter of 2003 to $13.2 million in the third quarter of 2004. The increase in net sales is attributable to increased sales in the Company's aluminum extrusion division, which were partially offset by decreases in sales related to the closing of one of the Company's unprofitable cabinet door division in the third quarter of 2003.

Operating income increased $0.2 million, from $0.1 million in the third quarter of 2003 to $0.3 million in the third quarter of 2004.

Nine Months Ended September 30, 2004 Compared to Nine Months Ended September 30, 2003

PRIMARY MANUFACTURED PRODUCTS SEGMENT DISCUSSION

Net sales increased $7.7 million, or 6.7%, from $115.6 million in the nine month period ending September 30, 2003 to $123.4 million in the same period in 2004. The increased sales are attributable to a 17% increase in sales to the Recreational Vehicle Industry, increased raw material prices, which were passed on to the Company's customers, and increased penetration to the Manufactured Housing and Industrial Markets from period to period.

Operating income increased approximately $0.4 million, from $4.2 million in 2003 to $4.6 million in 2004. The increase in operating income is attributable to increased efficiencies in several of the Company's manufacturing divisions in this segment from period to period.

DISTRIBUTION SEGMENT DISCUSSION

Net sales increased $8.3 million, or 12.3%, from $67.3 million in 2003 to $75.6 million 2004. The increased sales are attributable to increased material pricing and market penetration to the Manufactured Housing Industry, which is the primary industry that this segment serves.

Operating income increased $0.6 million, from $2.5 million in 2003 to $3.1 million in 2004. The increase in operating income is attributable to increased sales.

OTHER COMPONENT MANUFACTURED PRODUCTS DISCUSSION

Net sales increased $0.6 million, or 1.5%, from $37.7 million in 2003 to $38.3 million in 2004. The increase in sales in this segment is attributable to increased sales in two of the operations in this segment which were offset by the decrease in sales related to the closing of the one of the Company's cabinet door divisions which is discussed in Note 4 to the financial statements.

Operating income increased $1.2 million, from a loss of $0.5 million in 2003 to income of $0.7 million in 2004. The increase in operating income is attributable to the closing of one of the Company's unprofitable cabinet door divisions in the third quarter of 2003.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary capital requirements are to meet working capital needs, support its capital expenditure plans, and meet debt service requirements.

The Company, in September, 1995, issued to an insurance company in a private placement $18,000,000 of senior unsecured notes. The ten year notes bear interest at 6.82%, with semi-annual interest payments that began in 1996 and seven annual principal repayments of $2,571,429 which began in September, 1999. These funds were used to reduce existing bank debt and for working capital needs. At September 30, 2004, there is one payment remaining of approximately $2,571,429 on these senior notes.

The Company has a secured bank Revolving Credit Agreement that provides loan availability of $15,000,000 with maturity in the year 2006.

Pursuant to the private placement and the Credit Agreement, the Company is required to maintain certain financial ratios, all of which are currently complied with.

The Company believes that cash generated from operations and borrowings under its credit agreements will be sufficient to fund its working capital requirements, planned capital expenditures, and common stock repurchase program as currently contemplated. The changes in inventory and accounts receivable balances, which affect the Company's cash flows, are part of normal business cycles that cause them to change periodically.

A summary of our contractual cash obligations remaining at September 30, 2004 and for the twelve month periods ending 2005 through 2008 is as follows:

<TABLE>

	PAYMENTS DUE BY PERIOD					
CONTRACTUAL OBLIGATIONS	TOTAL	2004	2005	2006	2007	2008
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Long-term debt, including interest at variable rates**	$4,762,354	$724,354	$1,186,625	$1,167,375	$849,000	$835,000
Long-term debt, including interest at fixed rates**	$2,739,497	$43,843	$2,695,654	$0	$0	$0
Operating Leases	$2,947,076	$849,178	$1,153,327	$530,392	$279,623	$134,556
Total contractual cash obligations	$10,448,927	$1,617,375	$5,035,606	$1,697,767	$1,128,623	$969,556

**Interest payments have been calculated using the fixed rate of 6.82% for the Senior notes and the average 2003 annual interest rate of 1.75% for the Industrial Revenue Bonds.

</TABLE>

We also have a commercial commitment as described below:

OTHER COMMERCIAL COMMITMENT	TOTAL AMOUNT COMMITTED	OUTSTANDING AT 09/30/04	DATE OF EXPIRATION
Line of Credit	$15,000,000	$5,900,000	May 31, 2006

We believe that our cash balance, availability under our line of credit, if needed, and anticipated cash flows from operations will be adequate to fund our cash requirements for 2004.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are summarized in the footnotes to our financial statements. Some of the most critical policies are also discussed below.

Our major operating assets are accounts receivable, inventory, and property and equipment. Exclusive of the write-off of certain assets related to the Oakwood Homes Corporation bankruptcy filing in November, 2002, and the increase in the allowance for doubtful accounts in the third quarter of 2004 related to one customer, we have not experienced significant bad debt losses and believe that our reserve for doubtful accounts of $700,000 should be adequate for any exposure to loss in our September 30, 2004 accounts receivable. We have also established reserves for slow moving and obsolete inventories and believe them to be adequate. We depreciate our property and equipment over their estimated useful lives and we have not identified any items that are impaired for the nine months ended September 30, 2004.

SEASONALITY

Manufacturing operations in the Manufactured Housing and Recreational Vehicle Industries historically have been seasonal and are generally at the highest levels when the climate is moderate. Accordingly, the Company's sales and profits are generally highest in the second and third quarters.

INFLATION

The Company does not believe that inflation had a material effect on results of operations for the periods presented.

SAFE HARBOR STATEMENT

The Company makes forward-looking statements from time to time and desires to take advantage of the "safe harbor" which is afforded such statements under the Private Securities Litigation Reform Act of 1995 when they are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements.

The statements contained in the foregoing "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as other statements contained in this Quarterly Report and statements contained in future filings with the Securities and Exchange Commission and publicly disseminated press releases, and statements which may be made from time to time in the future by management of the Company in presentations to shareholders, prospective investors, and others interested in the business and financial affairs of the Company, which are not historical facts, are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. Any projections of financial performance or statements concerning expectations as to future developments should not be construed in any manner as a guarantee that such results or developments will, in fact, occur. There can be no assurance that any forward-looking statement will be realized or that actual results will not be significantly different from that set forth in such forward-looking statement. In addition to the risks and uncertainties of ordinary business operations, the forward-looking statements of the Company referred to above are also subject to the following risks and uncertainties:

- The Company operates in highly competitive business environment, and its sales could be negatively affected by its inability to maintain or increase prices, changes in geographic or product mix, or the decision of its customers to purchase competitive products instead of the Company's products. Sales could also be affected by pricing, purchasing, financing, operational, advertising, or promotional decisions made by purchasers of the Company products.

- On an annual basis, the Company negotiates renewals for property, casualty, workers compensation, general liability, product liability, and health insurance coverages. Due to conditions within these insurance markets and other factors beyond the Company's control, future coverages and the amount of the related premiums could have a negative effect on the Company's results.

- The primary markets to which the Company sells include the Manufactured Housing and Recreational Vehicle Industries, which are cyclical and dependent on various factors including interest rates, access to financing, inventory and production levels and other economic and demographic factors. The Company's sales levels could be negatively impacted by changes in any one of the above items.

- The Company does not undertake any obligation to update these forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk related to interest rate changes on its debt. Long term debt includes $2,571,429 of indebtedness bearing interest at a fixed rate of 6.82%. The related maturities and interest are reported in the contractual obligations table in the Liquidity and Capital Resources section of this report.

ITEM 4. CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer
32.1	Certification pursuant to 18 U.S.C. Section 350

(b) A Form 8-K was furnished but not filed on October 26, 2004, announcing the third quarter financial results.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PATRICK INDUSTRIES, INC.
(Company)

Date November 12, 2004

/S/Robert C. Timmins

Robert C. Timmins
(Lead Director)

Date November 12, 2004

/S/Paul E. Hassler

Paul E. Hassler
(President)
(Chief Executive Officer)

Date November 12, 2004

/S/Andy L. Nemeth

Andy L. Nemeth
(Executive Vice President, Finance)
(Chief Financial Officer)

Exhibit 31.1

CERTIFICATIONS

I, Paul E. Hassler, certify that:

1. I have reviewed this quarterly report on Form 10Q of Patrick Industries, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

4. The Company's Chief Financial Officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and we have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared; and

    b) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's second fiscal quarter in the case of the 10Q) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's Chief Financial Officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date November 12, 2004

/S/ Paul E. Hassler

Paul E. Hassler
(President)
(Chief Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Andy L. Nemeth, certify that:

1. I have reviewed this quarterly report on Form 10Q of Patrick Industries, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

4. The Company's Chief Executive Officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and we have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared; and

    b) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's Chief Executive Officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date November 12, 2004

/S/Andy L. Nemeth

Andy L. Nemeth
(Executive Vice President - Finance)
(Chief Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Patrick Industries, Inc. (the "Company") on Form 10Q for the period ending September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002 that, based on their knowledge: 1) the Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and 2) the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/S/Paul E. Hassler

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Paul E. Hassler, Chief Executive Officer

/S/Andy L. Nemeth

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Andy L. Nemeth, Chief Financial Officer

November 12, , 2004

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A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Patrick Industries, Inc. and will be retained by Patrick Industries, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.